

SPEECH BY: DATO' SERI DR.MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: THE OFFICIAL OPENING CEREMONY OF LIMA `03

VENUE: LANGKAWI, KEDAH

DATE: 30 SEP 2003

TIME:

Let me begin by wishing all our guests Selamat Datang, a warm welcome to the Langkawi International Maritime and Aerospace Exhibition 2003 or LIMA `03. It gives me great pleasure to officiate LIMA `03, the seventh such exhibition since its inception in 1991, especially in the presence of so many dignitaries and senior military personnel, who join us here from around the world.

2. LIMA took off to a humble start in 1991, as Malaysia's inaugural effort in hosting an international aerospace and maritime exhibition. Since then, LIMA has come a long way. Today, increasing numbers of exhibitors are drawn to LIMA, offering state-of-the-art aerospace and maritime products for the rich and growing market in Southeast and East Asia. It has enabled some of these products which were not available before to penetrate this lucrative market. Accordingly the number of exhibitors and visitors has increased considerably.

3. This exhibition has been located in the beautiful resort islands of Langkawi because it is not hampered by too much built-up areas, with the sea providing not only a good site for ships to be anchored but also allows aerial displays over water freely. In addition Langkawi airport is not too busy and prolonged aerial display can be carried out.

4. After LIMA `01, a wave of uncertainty has swept across the world, brought about by the increasing threat of terrorism and military action. Both have destabilising effects on all countries. These have slowed down the economy of the world, in particular the air-travel and tourist industries. As a result demands for aircrafts, especially commercial aircrafts have diminished. The SARs episode has also affected the travel industry seriously.

5. But there are signs now that the East Asia travel trade is making rapid recovery. Tourist arrivals in SEA are regaining to pre-SARs and pre-11 September levels. This will lead to increase demands for

commercial passenger aircrafts in Asia.

6. The need for security has generated new technologies and products. New devices are being introduced for screening of air passengers and their luggage as well as freight.

7. Airlines are competing with each other to provide comfort and in-flight entertainment and communications. New seat configurations are being introduced especially for long-haul flights.

8. Even as there is more competition for the higher end of the business we are now seeing tremendous growth in the no-frills low cost airline business. Although this may erode the business of the ordinary airlines, there is no doubt that many who could not afford to fly before are now flying. Orders for new aircrafts by low-cost airlines have outstripped those by the normal cost airlines. Malaysia has its own low cost airline and appears to be doing very well.

9. Invariably an air-show will give a prominent place for military aircraft and hardware. Many countries in the region are anxious not only to upgrade their air defences but also to acquire technology. Air defence and maritime defence are very important in South East Asia because most of the countries are made up of huge archipelagos with long coastline and innumerable islands to be secured. Ships and aircrafts are needed for surveillance to ensure that shipping in the region is safe, in particular from piracy. There is of course a need to secure territorial waters and economic zones. Oil rigs offshore are very vulnerable and have to be protected. All these require some considerable provision in terms of air and maritime defence capabilities.

10. Malaysia has built a series of radar stations along the western coast of the Peninsular to enable us to oversee traffic along the Straits of Malacca. In addition we are putting in more patrol boats and aerial surveillance. But there is a financial limit to what Malaysia can do to protect international shipping which passes through the Straits in increasing numbers. We are also planning to install radar stations all along the Sarawak and Sabah coasts.

11. While we accept that the Straits of Malacca is an International maritime passage, the world and in particular the nations whose ships make use of this waterway should also help in securing the passage. There is also a need to dredge certain parts of the Straits to ensure that ships do not run aground, especially now when container ships are growing in size and capacity.

12. The LIMA show which is both air and sea, provides a good opportunity for the aerial and maritime industries to exhibit their products to deal with the situation arising not just from the threats of terror and war but also the problems posed by the rapid growth in trade, involving aerial and marine transport. At the same time the countries in the region need to acquire some capabilities to supply themselves with their non-defence needs. Transfer of technologies and manufacturing capabilities are therefore essential. There is also the benefit that the Southeast Asian countries can bring because of the lower production cost which can improve the competitiveness and the saleability of the products.

13. LIMA '03 offers ample opportunities for everyone. To dignitaries and Government guests and trade visitors, we invite you to visit the Aerospace and Maritime booths to view the impressive array of military hardware and civilian equipment that will be on display.

14. For the exhibitors, LIMA '03 provides an excellent platform to market their products not only to Malaysia but also to the region. Please avail yourself of the opportunity to network to form strategic partnerships and alliances including joint ventures with local companies. At the same time, we hope your participation will also provide a better understanding of our local industrial capabilities and the investment opportunities and incentives provided by us in our desire to make Malaysia a regional hub for manufacturing and marketing activities, for civil and military aerospace and maritime products.

15. Malaysia is a business friendly country. You will find that all the major industrial corporations in the world have manufacturing facilities here. More importantly they seem to like the country so much that most of them have expanded their operations here.

16. Malaysian companies are present in significant numbers in LIMA '03. They are looking out for opportunities to have joint-ventures with foreign companies which have expertise in sophisticated technologies. And they have knowledge and insights into the markets of Southeast Asia. Mutually beneficial results can come from cooperation between Malaysia and foreign companies.

17. LIMA has and will continue to benefit Malaysia and the Asia Pacific region, which is arguably the second-largest market in the world for aerospace and maritime products. According to forecasts, the total market for defence exports to Asia alone is predicted to rise to USD70 billion between 2002 and 2006. And it is

expected to continue to rise. It is for this reason that the Malaysian Government is supporting the hosting of exhibitions. We are confident that the LIMA series will continue to be held biennially to meet the objectives for which it was first mooted.

18. I sincerely hope that you will find your participation in LIMA `03 a most meaningful and enriching one and that you will be satisfied with the infrastructure and security arrangements, which have always remained of paramount concern to us. I also hope you will be able to find time to take in the sights and culture of this idyllic tropical paradise of Langkawi.

19. It is now with great pleasure that I declare LIMA `03 officially open.